



DEPARTMENT OF LABOR

Employment and Training Administration

Notice of the Federal Unemployment Tax Act (FUTA) Credit Reductions Applicable for 2023

Sections 3302(c)(2)(A) and 3302(d)(3) of FUTA provide that employers in a state that has outstanding advances under Title XII of the Social Security Act on January 1 of two or more consecutive years are subject to a reduction in credits otherwise available against the FUTA tax for the calendar year in which the most recent such January 1 occurs, if advances remain on November 10 of that year. Further, section 3302(c)(2)(C) of FUTA provides for an additional credit reduction for a year if a state has outstanding advances on five or more consecutive January 1 and has a balance on November 10 for such years. Section 3302(c)(2)(C) provides for waiver of this additional credit reduction and substitution of the credit reduction provided in section 3302(c)(2)(B) if a state meets certain conditions.

California, Connecticut, Illinois, New York, and the US Virgin Islands (USVI) had outstanding advances on January 1 for two or more consecutive years and employers in these states were potentially subject to a FUTA credit reduction in 2023. However, Connecticut and Illinois repaid their outstanding advances before November 10, 2023. As a result, employers in these two states are not subject to a FUTA credit reduction for 2023. California and New York did not repay their outstanding advances before November 10, 2023. Therefore, employers in these states are subject to a FUTA credit reduction of 0.6 percent for 2023.

USVI has experienced outstanding advances on January 1 for many years. Employers in USVI were potentially liable for the additional credit reduction under section 3302(c)(2)(C) of FUTA. The jurisdiction applied for the waiver of this additional credit reduction and the Employment and Training Administration determined that USVI met each of the criteria necessary to qualify for the waiver of the additional credit reduction. Therefore, employers in

USVI will have no additional credit reduction applied for calendar year 2023. However, because USVI has had an outstanding advance on each January 1 from 2010 through 2023, and maintained an outstanding balance on November 10, 2023, employers in USVI are subject to a FUTA credit reduction of 3.9 percent in 2023.

Lenita Jacobs-Simmons,

Deputy Assistant Secretary for Employment and Training Administration.

[FR Doc. 2023-26457 Filed: 11/30/2023 8:45 am; Publication Date: 12/1/2023]